CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE:

May 24, 2010

TO:

Members of the Board of Directors

FROM:

Kate Rees, General Manager

RE:

COMB FY 2010-11 Preliminary Budget

RECOMMENDATION:

None at this time. For review and discussion only.

DISCUSSION:

Attached is the proposed COMB Preliminary Budget for FY 2010-11 for your review and consideration. This memo provides an overview of the preliminary budget and changes from FY 2008-09.

1. Proposed COMB FY 2010-2011 Budget

The budget summary provides details of proposed O&M, General & Administrative, and Special Projects expenses for FY 2010-2011.

The FY 2010-11 proposed budget is \$2,914,378 compared to the FY 2009-10 budget of \$3,365,727. This reflects a 13.4% decrease of about \$451,350 compared to FY 2009-10. Included are summary budget sheets showing the total budget for each category of expenditure, and a comparison to the FY 2009-10 Budget with percentage changes for each account. This is This is followed by several pages detailing the expenses for each budget category and projected FY 2009-10 expenses through June 30, 2010. Additional back-up materials supporting the budgeted activities are also included, as well as a narrative explanation of each account and preliminary scopes of work (SOW) from the engineering consultants. Several of the SOWs have been reduced which is reflected in the draft budget. Revised final SOWs will be included with the proposed final budget to be considered at the June 28, 2010 meeting.

Contributing factors for the budget difference between the FY 2009-2010 budget and the proposed budget for FY 2010-2011 include: 1) a reduction in O&M expenses because there is no need to purchase a new truck next year, and because staff is recommending that the vacant Water Services Worker I position not be filled to reduce personnel costs; 2) adjustments in PERS, health benefits and workers compensation formulas; 3) and an overall reduction in the Special Projects to be responsive to the Member Units' need to keep budgets as low as possible, as well as the staff time required to support the 2nd Pipeline Project.

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A 0% cost of living adjustment for staff is proposed based on an averaged 13 month Consumer Price Index for LA-Riverside and USA. The Board of Directors will consider any adjustments to the General Manager's salary and benefits at the May 24th meeting. The General Manager's salary would normally be split 50% - 50% between the COMB and CCRB budgets. However, because CCRB approved only a six-month budget, 75% of the General Manager's salary and benefits, and 50% of the Administrative Secretary's salary and benefits are included in the proposed FY 2010-11 COMB Budget so that management and Board work can continue through the end of the fiscal year.

2. Debt service for the 2nd Pipeline Project.

Debt service for the 2nd Pipeline Project for the City of Santa Barbara and Goleta Water District is included in the Special Projects section of the budget. A separate budget will be prepared for the 2nd Pipeline Project to track expenditures.

3. Budget Cost Allocations Among the Member Units

This spreadsheet shows the cost allocation of the proposed FY 2010-11 Budget among the Member Units based on Cachuma entitlement percentages. There is also a split between costs paid by all Member Units and costs paid only by the South Coast Member Units for certain categories.

4. Budget Comparisons

This spreadsheet compares the COMB budgets in prior fiscal years to the proposed COMB budget for FY 2010-11.

The preliminary budget has been reviewed by the COMB Operating Committee and the COMB Finance Committee, and was revised (downward) based on their suggested changes. The Finance Committee thoroughly discussed all budgeted items and recommended the proposed budget for the Board's review. Any additional changes will incorporated into the final budget which will come before the Board at the June 28, 2010 Board meeting.

Respectfully submitted.

Kate Rees

General Manager

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CACHUMA OPERATION & MAINTENANCE BOARD

Proposed Allocation for FY 2010 - 2011 Budget

(Admin costs) \$677,856 / (Total Budget less bond repayment) \$2,264,378 = 30%

G&A Sala	aries =
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\$ 470,106 (Salaries, Unempl tax, W/C, Pers, Fica, Health)

COMB (All 5 Member Units) Directors Fees at 20%	6	
MEMBER UNIT	PERCENT %	DOLLARS \$
Goleta Water District	0.2000	2,400.00
City of Santa Barbara	0.2000	2,400.00
Carpinteria Valley Water District	0.2000	2,400.00
Montecito Water District	0.2000	2,400.00
Santa Ynez River Wtr Consv Dist, ID#1	0.2000	2,400.00
	1.0000	\$12,000.00

COMB (All 5 Member Units) G & A Salaries and Benefits at 40%			
MEMBER UNIT C	achuma Entitlement %	PERCENT %	DOLLARS \$
Goleta Water District	36.25%	0.3625	\$68,165.37
City of Santa Barbara	32.19%	0.3219	60,530.85
Carpinteria Valley Water District	10.94%	0.1094	20,571.84
Montecito Water District	10.31%	0.1031	19,387.17
Santa Ynez River Wtr Consv Dist,	ID#1 10.31%	0.1031	19,387.17
	100%	1.0000	\$188,042.40

G & A Salaries + Benefits = \$470,106 x 40% = \$188,042.40

COMB (All 5 Member Units) Remaining G & A		\$282,064	
	achuma Entitlement %	PERCENT %	DOLLARS \$
Goleta Water District	36.25%	0.3625	\$30,674.39
City of Santa Barbara	32.19%	0.3219	\$27,238.86
Carpinteria Valley Water District	10.94%	0.1094	\$9,257.32
Montecito Water District	10.31%	0.1031	\$8,724.22
Santa Ynez River Wtr Consv Dist,	ID#1 10.31%	0.1031	\$8,724.22
	100%	1.0000	\$84,619.00
30% of \$282,064 = \$84,619.			

South Coast Member Units Only G & A

MEMBER UNIT Cac	huma Entitlement %	So Co Percent %	DOLLARS \$
Goleta Water District	36.25%	0.4042	\$158,929.26
City of Santa Barbara	32.19%	0.3588	\$141,078.22
Carpinteria Valley Water District	10.94%	0.1220	\$47,969.74
Montecito Water District	10.31%	0.1150	\$45,217.38
Santa Ynez River Wtr Consv Dist, I	D#1 10.31%	0.0000	\$0.00
	100%	1.0000	\$393,194.60

SCMU only G&A = \$677,856 -12.000 -188,042 - 84,619 = \$393,194.60

Total G & A	DOLLARS \$
Goleta Water District	\$260,169.01
City of Santa Barbara	\$231,247.93
Carpinteria Valley Water District	\$80,198.90
Montecito Water District	\$75,728.77
Santa Ynez River Wtr Consv Dist, ID#1	\$30,511.39
	\$677,856.00

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TOTAL O & M, SPECIAL G & A and SPECIAL PROJECTS ASSESSMENT		
MEMBER UNIT	So Co Percent %	DOLLARS \$
Goleta Water District	40.42	\$600,298.22
City of Santa Barbara	35.89	533,064.82
Carpinteria Valley Water District	12.20	181,165.86
Montecito Water District	11.50	170,733.09
	100.00	\$1,485,262,00

O&M 1.112,762 + Special G & A \$25,000 + Special projects \$448,760-50,000-51,260 = 1.485,262.

MEMBER UNIT	PERCENT %	DOLLARS \$
Goleta Water District	0.3625	\$36,706.75
City of Santa Barbara	0.3219	32,595.59
Carpinteria Valley Water District	0.1094	11,077.84
Montecito Water District	0.1031	10,439.91
Santa Ynez River Wtr ConservDist,ID#1	0.1031	10,439.91
	1.0000	\$101,260.00

Bond Repayment		2. 10. 12 MY 2.
MEMBER UNIT	PERCENT %	DOLLARS S
Goleta Water District	0.5297	\$344,279.66
City of Santa Barbara	0.4703	305,720.34
Carpinteria Valley Water District	0.0000	0.00
Montecito Water District	0.0000	0.00
Santa Ynez River Wtr ConservDist,ID#1	0.0000	0.00
	1.0000	\$650,000.00

Bond Assessment (GWD and City of Santa Barbara Only)

MEMBER UNIT TOTALS (Fiscal Year 2010-11)	Actual % Budget	DOLLARS \$
Goleta Water District	42.60%	\$1,241,453.65
City of Santa Barbara	37.83%	\$1,102,628.68
Carpinteria Valley Water District	9.35%	\$272,442.61
Montecito Water District	8.81%	\$256,901.77
Santa Ynez River Wtr Consv Dist, ID#1	1.41%	\$40,951.30
TOTAL	100.00%	\$2,914,378.00

QUARTERLY PAYMENT

MEMBER UNIT TOTALS	DOLLARS \$	Quarterly
Goleta Water District	\$1,241,453.65	\$310,363.41
City of Santa Barbara	1,102,628.68	275,657.17
Carpinteria Valley Water District	272,442.61	68,110.65
Montecito Water District	256,901.77	64,225.44
Santa Ynez River Wtr Consv Dist, ID#1	40,951.30	10,237.82
TOTAL	\$2,914,378.00	\$728,594.50

Formula for allocating costs:

- 1) Directors fees subtracted from admin costs and are allocated equally among all member units using .20 as multiplier
- 2) Admin Costs are divided by total budget to reach percentage
- 3) G & A Salaries are subtracted from admin costs 40% of that number is used to allocate for all 5 MU's
- 4) Remaining G & A is multiplied by percentage derived above for normal allocation among all member units
- 5) The remaining G & A is allocated at SCMU % only
- 6) O & M is SCMU only
- 7) Bldg/grounds repair/Sanitary Survey all 5 member units normal allocation
- 8) Bond Repayment GWD and City of Santa Barbara Only

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CACHUMA OPERATION & MAINTENANCE BOARD BUDGET COMPARISON - 2006 TO 2011 5/24/10

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-11% 16% 26%			-11%		16%		19%		25%		-13%